

106TH CONGRESS  
2D SESSION

# S. 2600

To amend title XVIII of the Social Security Act to make enhancements to the critical access hospital program under the medicare program.

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IN THE SENATE OF THE UNITED STATES

MAY 22, 2000

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to make enhancements to the critical access hospital program under the medicare program.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Critical Access Hos-  
5 pital Enhancement Act of 2000”.

6 **SEC. 2. ENHANCEMENTS TO CRITICAL ACCESS HOSPITAL**  
7 **(CAH) PROGRAM.**

8 (a) EXEMPTION FROM BAD DEBT REDUCTIONS.—

9 Section 1861(v)(1)(T) of the Social Security Act (42  
10 U.S.C. 1395x(v)(1)(T)) is amended—

1           (1) by redesignating clauses (i), (ii), and (iii) as  
2           subclauses (I), (II), and (III), respectively;

3           (2) by inserting “(i)” after “(T)”; and

4           (3) by adding at the end the following new  
5           clause:

6           “(ii) The reductions required by clause (i) shall not  
7           apply to critical access hospitals for cost reporting periods  
8           beginning on or after October 1, 1998.”.

9           (b) EXEMPTION FROM PAYMENT REDUCTIONS AND  
10          FEE SCHEDULE FOR AMBULANCE SERVICES.—

11           (1) EXEMPTION FROM FEE SCHEDULE.—

12           (A) IN GENERAL.—Section 1834(l) of the  
13           Social Security Act (42 U.S.C. 1395m(l)) is  
14           amended by adding at the end the following  
15           new paragraph:

16           “(8) INAPPLICABILITY OF FEE SCHEDULE TO  
17           CERTAIN SERVICES.—In the case of ambulance serv-  
18           ices (described in section 1861(s)(7)) that are pro-  
19           vided in a locality by a critical access hospital that  
20           is the only provider of ambulance services in the lo-  
21           cality, or by an entity that is owned and operated by  
22           such a critical access hospital—

23           “(A) the fee schedule established under  
24           this subsection shall not apply; and

1 “(B) payment under this part shall be paid  
 2 on the basis of the reasonable costs incurred in  
 3 providing such services.”.

4 (B) CONFORMING AMENDMENT.—Section  
 5 1833(a)(1)(R) of the Social Security Act (42  
 6 U.S.C. 1395l(a)(1)(R)) is amended by inserting  
 7 “(other than the ambulance services described  
 8 in section 1834(l)(8))” after “ambulance serv-  
 9 ice”.

10 (C) EFFECTIVE DATE.—The amendments  
 11 made by this paragraph shall take effect as if  
 12 included in the enactment of the Balanced  
 13 Budget Act of 1997 (Public Law 105–33; 111  
 14 Stat. 251).

15 (2) EXEMPTION FROM REASONABLE COST RE-  
 16 Ductions.—Section 1861(v)(1)(U) of the Social Se-  
 17 curity Act (42 U.S.C. 1395x(v)(1)(U)) is amended  
 18 by inserting after the first sentence the following  
 19 new sentence: “The reductions required by the pre-  
 20 ceding sentence shall not apply in the case of ambu-  
 21 lance services that are provided in a locality on or  
 22 after October 1, 1998, by a critical access hospital  
 23 that is the only provider of ambulance services in the  
 24 locality, or by an entity that is owned and operated  
 25 by such a critical access hospital.”.

1 (c) EXEMPTION FROM HOME HEALTH PAYMENT  
 2 LIMITS AND PPS.—

3 (1) EXEMPTION FROM COST LIMITS.—Section  
 4 1861(v)(1)(L) of the Social Security Act (42 U.S.C.  
 5 1395x(v)(1)(L)) (as amended by section 303 of the  
 6 Medicare, Medicaid, and SCHIP Balanced Budget  
 7 Refinement Act of 1999 (113 Stat. 1501A–360), as  
 8 enacted into law by section 1000(a)(6) of Public  
 9 Law 106–113) is amended by adding at the end the  
 10 following new clause:

11 “(xi) The preceding provisions of this subparagraph  
 12 shall not apply to home health services that are furnished  
 13 on or after October 1, 1998, by a home health agency that  
 14 is—

15 “(I) the only home health agency serving a lo-  
 16 cality; and

17 “(II) owned and operated by a critical access  
 18 hospital.”.

19 (2) EXEMPTION FROM PPS.—

20 (A) IN GENERAL.—Section 1895 of the So-  
 21 cial Security Act (42 U.S.C. 1395fff) is amend-  
 22 ed by adding at the end the following new sub-  
 23 section:

24 “(e) EXCEPTION.—The prospective payment system  
 25 established under this section shall not apply in deter-

1 mining payments for home health services furnished by  
 2 a home health agency that is—

3 “(1) the only home health agency serving a lo-  
 4 cality; and

5 “(2) owned and operated by a critical access  
 6 hospital.”.

7 (B) CONFORMING AMENDMENT.—Section  
 8 1833(a)(2)(A) of the Social Security Act (42  
 9 U.S.C. 1395l(a)(2)(A)) is amended by inserting  
 10 “home health services described in section  
 11 1895(e) and” after “other than”.

12 (C) EFFECTIVE DATE.—The amendments  
 13 made by this paragraph shall take effect as if  
 14 included in the enactment of the Balanced  
 15 Budget Act of 1997 (Public Law 105–33; 111  
 16 Stat. 251).

17 (d) PAYMENT FOR SWING BED SERVICES.—

18 (1) EXEMPTION FROM PPS FOR SKILLED NURS-  
 19 ING FACILITY SERVICES.—Section 1888(e)(7) of the  
 20 Social Security Act (42 U.S.C. 1395yy(e)(7)) is  
 21 amended—

22 (A) in the heading, by striking “TRANSI-  
 23 TION FOR” and inserting “TREATMENT OF”;

24 (B) in subparagraph (A), by striking “IN  
 25 GENERAL.—The” and inserting “TRANSI-

1 TION.—Except as provided in subparagraph  
2 (C), the”;

3 (C) in subparagraph (B), by striking  
4 “1883” and all that follows through “date)”  
5 and inserting “1883 (other than critical access  
6 hospitals)””; and

7 (D) by adding at the end the following:

8 “(C) TREATMENT OF SWING-BED SERV-  
9 ICES FURNISHED BY CRITICAL ACCESS HOS-  
10 PITALS.—The prospective payment system es-  
11 tablished under this subsection shall not apply  
12 to services furnished by a critical access hos-  
13 pital pursuant to an agreement described in  
14 section 1883.”.

15 (2) PAYMENT BASIS FOR SWING BED SERVICES  
16 FURNISHED BY CRITICAL ACCESS HOSPITALS.—Sec-  
17 tion 1883(a) of the Social Security Act (42 U.S.C  
18 1395tt(a)) is amended—

19 (A) in paragraph (2)(A), by inserting  
20 “(other than a critical access hospital)” after  
21 “any hospital”; and

22 (B) by adding at the end the following new  
23 paragraph:

24 “(3) Notwithstanding any other provision of  
25 this title, a critical access hospital shall be paid for

services furnished under an agreement entered into under this section on the basis of the reasonable costs of such services (as determined under section 1861(v)).”.

(3) EFFECTIVE DATES.—

(A) The amendments made by paragraph (1) shall take effect as if included in the enactment of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 251).

(B) The amendments made by paragraph (2) shall apply to cost reporting periods beginning on or after October 1, 1998.

(e) PAYMENT BASIS FOR OUTPATIENT LABORATORY TESTS.—

(1) PAYMENT ON COST BASIS WITHOUT BENEFICIARY COST-SHARING.—

(A) IN GENERAL.—Section 1833(a)(6) of the Social Security Act (42 U.S.C. 1395l(a)(6)) is amended by inserting “(including clinical diagnostic laboratory services furnished by a critical access hospital)” after “outpatient critical access hospital services”.

(B) NO BENEFICIARY COST-SHARING.—

(i) IN GENERAL.—Section 1834(g) of the Social Security Act (42 U.S.C.

1395m(g)) is amended by inserting “(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)” before the period at the end.

(ii) BBRA AMENDMENT.—Section 1834(g) of the Social Security Act (42 U.S.C. 1395m(g)) (as amended by section 403(d) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A–371), as enacted into law by section 1000(a)(6) of Public Law 106–113) is amended—

(I) in paragraph (1), by inserting

“(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)” after “such services,”; and



1 (II) in paragraph (2)(A), by in-  
 2 serting “(except that in the case of  
 3 clinical diagnostic laboratory services  
 4 furnished by a critical access hospital  
 5 the amount of payment shall be equal  
 6 to 100 percent of the reasonable costs  
 7 of the critical access hospital in pro-  
 8 viding such services)” before the pe-  
 9 riod at the end.

10 (2) CONFORMING AMENDMENTS.—Paragraphs  
 11 (1)(D)(i) and (2)(D)(i) of section 1833(a) of the So-  
 12 cial Security Act (42 U.S.C. 1395l(a)(1)(D)(i);  
 13 1395l(a)(2)(D)(i)) (as amended by section 403(e) of  
 14 the Medicare, Medicaid, and SCHIP Balanced  
 15 Budget Refinement Act of 1999 (113 Stat. 1501A–  
 16 371), as enacted into law by section 1000(a)(6) of  
 17 Public Law 106–113) are amended by striking “or  
 18 which are furnished on an outpatient basis by a crit-  
 19 ical access hospital” each place it appears.

20 (3) EFFECTIVE DATES.—

21 (A) IN GENERAL.—Except as provided in  
 22 subparagraph (B), the amendments made by  
 23 this subsection shall apply to services furnished  
 24 on or after November 29, 1999.

1 (B) BBRA AMENDMENT.—The amend-  
 2 ment made by paragraph (1)(B)(ii) shall take  
 3 effect as if included in the enactment of section  
 4 403(d) of the Medicare, Medicaid, and SCHIP  
 5 Balanced Budget Refinement Act of 1999 (113  
 6 Stat. 1501A–371), as enacted into law by sec-  
 7 tion 1000(a)(6) of Public Law 106–113.

8 (f) ALTERNATIVE TO 15-BED LIMIT.—Section 1820  
 9 of the Social Security Act (42 U.S.C. 1395i–4) is  
 10 amended—

11 (1) in subsection (c)—

12 (A) in paragraph (2)(B)(iii), by striking  
 13 “provides” and inserting “subject to paragraph  
 14 (3), provides”; and

15 (B) by adding at the end the following new  
 16 paragraph:

17 “(3) FLEXIBILITY ON BED LIMITS FOR CER-  
 18 TAIN FACILITIES.—Notwithstanding clause (iii) and  
 19 subsection (f), a State may designate (and the Sec-  
 20 retary may certify) a facility with more than 15 (or  
 21 in the case of a facility under an agreement de-  
 22 scribed in subsection (f), 25) acute care inpatient  
 23 beds as a critical access hospital if—

1           “(A) the service area of the facility experi-  
2           ences substantial seasonal fluctuations in popu-  
3           lation;

4           “(B) the number of beds used by the facil-  
5           ity for acute care inpatient services, determined  
6           on an average annual basis, does not exceed 15;  
7           and

8           “(C) in the case of a facility under an  
9           agreement described in subsection (f), the total  
10          number of beds used by the facility for either  
11          acute care or extended care services, determined  
12          on an average annual basis, does not exceed  
13          25.”; and

14          (2) in subsection (f), by inserting “(or, in the  
15          case of a facility with a service area that experiences  
16          substantial seasonal fluctuations in population, so  
17          long as the facility meets the requirements of sub-  
18          paragraphs (B) and (C) of subsection (c)(3)” after  
19          “15 beds”.

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